



Speech By  
**Shane Knuth**


**MEMBER FOR DALRYMPLE**

---

Record of Proceedings, 2 December 2015

**SUGAR INDUSTRY (REAL CHOICE IN MARKETING) AMENDMENT BILL**

**Second Reading**

 **Mr KNUTH** (Dalrymple—KAP) (7.40 pm): I move—

That the bill be now read a second time.

For the record, this bill is not about reregulation like the millers and the Labor Party would have us believe. This bill is about millers being able to mill—that is what they normally do. Growers grow and QSL markets the sugar. What this bill does is give a choice to growers in who they want to market their sugar. At present the mills want to market all the sugar themselves. But this bill is not about reregulation. The Queensland Law Society even gave this bill a tick. This bill is about pro-competition. How can choice in marketing be reregulation? How can choice in marketing—choosing who you want to market your sugar—be reregulation? It is a myth that the mills are spreading. The mills want it all for themselves. This is about an institution that has been around since 1923 that has proven to work. The growers are not saying, 'We just want to go with QSL.' They are not saying that. What they are saying is, 'We want a choice.'

I will give a bit of history. The Sugar Industry (Real Choice in Marketing) Amendment Bill 2015 was developed in consultation with growers in the Queensland sugar industry. It was introduced on 19 May 2015. The policy objectives of the bill ensure that growers have a real choice in terms of appointing the marketing entity for raw sugar in which they have an economic interest and, further, ensures quick, fair and final resolution of commercial disputes that arise between growers or their bargaining representatives, and mill owners are included by way of arbitration if necessary.

The bill does not reregulate the Queensland sugar industry. Canegrowers and the Australian Sugar Milling Council executed a memorandum of understanding with the Queensland government in 2005. It was intended to establish a competitive environment for marketing entities. The mill owners want to force growers to use the mill that crushes their cane as a marketing entity, cutting out Queensland Sugar Ltd—full stop. What the growers are asking for is a choice in who markets their sugar because they have an economic interest.

At the end of the day, the price of raw sugar influences growers' income. Why should they be forced to use millers as their only option as a marketing entity? The fact is, if Queensland Sugar Ltd is cut out, growers will operate in a market which is not truly free. By and large, they will be forced to sell their product by a single monopoly miller. The overreach by millers seeking to further entrench a lack of competition in the market by monopolising the marketing of sugar has caused widespread anxiety amongst all of the growers. It has caused a growing lack of confidence in the future of the sugar industry amongst growers—both family farm enterprises and corporate farmers alike.

The supply chain is very simple. Farmers grow cane and harvest it. Then it is transported to the mills and processed into raw sugar. The cane is supplied under cane supply agreements, CSAs. At the moment, after the cane is produced into raw sugar, most of it is transferred to Queensland Sugar Ltd,

and this occurs under raw sugar supply agreements, RSSAs, between mill owners and Queensland Sugar Ltd. Mill owners retain the marketing of the quantity of raw sugar rather than QSL, taking on the responsibility for the mills' economic interests. QSL then markets the bulk of the raw sugar via the Intercontinental Exchange, effectively taking on the responsibility for growers' economic interest. Significantly, raw sugar supply agreements between mill owners and Queensland Sugar Ltd are due to expire on 30 June 2017. When the raw sugar supply agreements expire, growers simply want a choice in deciding the marketing entity for the export of raw sugar in which they have a legitimate economic interest.

Ultimately, the marketing entity may be the mill owner, Queensland Sugar Ltd or any other marketing entity. However, allowing the mill owners to restrict growers' options in terms of nominating their preferred marketing entities will effectively entrench the lack of competition by monopolising the market of sugar with the mill owners. Allowing this to occur would in fact result in an anticompetitive outcome for the sugar industry. At present the millers are more or less saying to us that this is reregulation and that this is not about competition. That is what the growers are asking for at the moment. They are asking to have competition because, if the mill owners want to win the growers over to market their sugar, they have to work a lot harder—likewise if QSL want to win the growers over. But it is a choice and a choice of who is best serving the interests of the grower in regard to the sugar market and who is giving the best price. That is a natural thing.

Mill owners and growers each hold an economic interest in raw sugar extraction from cane. For about 100 years the mill owners and growers' economic interest has been based on a formula. Basically the formula is applied to allocate the actual amount of economic interest each has in raw sugar, with the greatest portion of economic interest traditionally retained by growers. This is why the growers must have a say in who markets the export of raw sugar. Importantly, it will cause marketing entities to compete and prove that they are able to achieve the best returns for growers. I will say that again: importantly, it will cause marketing entities to compete and prove that they are able to achieve the best returns for growers. At present the millers want to be the only marketing entity. This bill is saying, 'We are over those days. The time has come.'

This is not about a monopoly but about pro competition, and that is what this bill does. It does not reregulate. It actually fulfils the pro-competition objectives of the competition policy that was handed down by the federal government and passed on to the states. This is not reregulation; this is actually pro-competition. To put this into perspective, the policy objectives of the bill will improve competition in the Queensland sugar industry. It will also ensure that the mill owners are not the only marketing entity available to growers. It will ensure that growers are not forced to use mill owners as their marketing entity simply because the mills crush the growers' cane. As stated, the bill will give growers real choice in terms of appointing their marketing entity for raw sugar in which they have an economic interest.

The bill does not amount to reregulation; it is in fact pro competition. The Chair of the Competition and Consumer Law Committee of the Queensland Law Society supports this view. Pages 1 to 5 of the transcript from the public hearing of 31 August 2015 reveal that the Queensland Law Society rejects the mill owners and the Labor government's claims about reregulation and ex-appropriation, among others. Growers' investment and contribution to employment is significant. There are 21 mills compared to 4,000 growers in Queensland. That said, it is acknowledged that mill owners have billions of dollars invested in Queensland sugar. However, it should not be overlooked that collectively growers have many more billions of dollars invested. There are about 16,000 people employed in the Queensland sugar industry. Most of those 16,000 workers in the sugar industry are employed by growers, not millers.

I am getting sick and tired of hearing about the poor millers—the multinational millers—their investments and their shareholders. What about the growers, their communities, the people, the children and the towns? But what are we hearing? We have to back the millers. Why? How about backing those who are out there with the crows, the sun, the heat and the dust making a living and contributing to this country, not overseas shareholders? That is why we have put this bill before the House. The government is not standing up for the growers or the workers on cane farms. It is not standing up for the harvesters and the farmhands. The government is not considering the billions of dollars of investment by growers in the economy of Queensland.

I would like to table the amendments that I will be moving in the consideration in detail stage and the explanatory notes that go with that. I will continue after the summing-up of my bill.

*Tabled paper:* Sugar Industry (Real Choice in Marketing) Amendment Bill, amendments to be moved during consideration in detail by the Member for Dalrymple, Mr Shane Knuth [1808].

*Tabled paper:* Sugar Industry (Real Choice in Marketing) Amendment Bill, explanatory notes to Mr Shane Knuth's amendments [1809].